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June 30, 2020

VIA ELECTRONIC FILING

The Honorable Jocelyn Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: Actions in Response to COVID-19
Docket No. 2020-106-A

Dear Ms. Boyd:

By Order No. 2020-372 ("Order"), dated May 14, 2020, issued in the above-referenced docket, the Public Service Commission of South Carolina ("Commission") required utilities to track revenue impacts, incremental cost and savings related to COVID-19. In furtherance of this requirement, utilities are required to file their findings with the Commission quarterly, beginning as soon as possible, but no later than June 30, 2020. In compliance with Commission Order No. 2020-372, Dominion Energy South Carolina, Inc. ("DESC" or "Company") provides the Commission and the South Carolina Office of Regulatory Staff ("ORS") with the following financial information for its retail electric and natural gas operations as of May 31, 2020.[1]

I. Revenue Impacts.

A. Margin Revenue. On March 13, 2020, Governor Henry McMaster declared a State of Emergency throughout the State of South Carolina in response to the COVID-19 pandemic and during the crisis the Governor has issued multiple

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[1] Unless instructed otherwise, the Company intends to file future quarterly COVID-19 financial reports 75 days after the end of the quarter, which is consistent with the Commission's quarterly financial reporting requirements for DESC's retail electric and natural gas operations. *See* Docket No. 2006-286-EG styled as "Dominion Energy South Carolina, Incorporated's (f/k/a South Carolina Electric & Gas Company's) Quarterly Financial Report." Accordingly, DESC will file its next quarterly COVID-19 financial report on or before September 14, 2020, which will include updated information for the quarter ended June 30, 2020.

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executive orders invoking emergency governmental powers under various statutes. Within the Governor's collection of orders, Executive Order No. 2020-17 and Executive Order No. 2020-18 instructed certain non-essential businesses to close. With the closure of public schools, indoor dining facilities, and non-essential businesses during the March – May time period, DESC has experienced a decrease in weather-normalized demand regarding its electric operations which we attribute to the impact of COVID-19. For example, weather-normal electric demand for the month of April was down nearly ten percent on a relative basis to the prior 2018-2019 two-year average. In May 2020, demand began to improve, but was still down approximately five percent on a relative basis to the prior 2018-2019 two-year average. During this time period and in addition to schools being closed and business shuttered, ten of the Company's top thirty industrial manufacturing customers had temporarily idled their production operations. While those facilities, along with restaurants and other businesses that were required to close, are beginning to resume operations, their absence from the marketplace has resulted in decreased electric margin revenue of approximately $16.8 million for DESC when compared to the Company's projected margin revenue for the period of March to May 2020. As for its natural gas operations, the Company has not observed a material impact to its margin revenue as a result of COVID-19.

B. Late-Payment Charges. At the outset of the COVID-19 crisis, DESC informed the Commission that it did not wish to burden its customers who were unable to pay their bill with the assessment of a late-payment charge and requested authorization for the Company to waive any late-payment charges incurred by any customer beginning March 16, 2020, which the Commission granted. *See* Commission Order No. 2020-229. As of May 31, 2020, the Company has waived late-payment charges for its electric and natural gas utility accounts totaling approximately $2.3 million.

C. Reconnection Charges. In addition to late-payment charges, DESC also waived the reconnection charge for those electric and natural gas residential customers whose service had been disconnected as of March 16, 2020, due to nonpayment. As of May 31, 2020, DESC has waived approximately $10,000 in reconnection charges for reconnecting service to those customers whose service had been disconnected as of March 16, 2020. Additionally, the Company has been tracking the amount of reconnection charges that it would otherwise have charged had the Company been disconnecting service for non-payment during the COVID-19 crisis. The Company estimates that by not disconnecting service for non-payment, customers have avoided approximately $300,000 in reconnection charges that they would have otherwise incurred. Stated somewhat differently, the Company estimates that by not disconnecting service during the COVID-19 crisis, DESC has experienced a decrease in revenue of approximately $300,000 as of May 31, 2020, which is directly attributable to not charging a reconnection fee.

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D. Customer Arrears. During the COVID-19 crisis, the Company's customers have not had to worry about having their electric or natural gas service disconnected for non-payment. On March 12, 2020, DESC ceased disconnecting electric and natural gas service to its customers for non-payment. As of May 31, 2020, the total amount of customer arrears for active utility accounts is approximately $46.2 million. As DESC informed the Commission in its letter dated May 22, 2020, arrears do not necessarily result in write-off and over time, the Company expects this amount to decrease as its customers take advantage of the multiple payment options that DESC offers to catch-up on past due amounts. Of the total amount of customer arrears for active utility accounts, approximately $18.4 million represents bills that are 30 days past due; approximately $14.4 million represents bills that are 60 days past due; and approximately $13.4 million represents bills that are more than 90 days past due. Any incremental impact to the Company's bad debt expense as a result of COVID-19 will be reported in future quarterly updates.

II. Incremental Costs.

DESC has incurred incremental cost as a result of the COVID-19 pandemic. These costs include increased operation and maintenance expenses ("O&M") for items such as masks, hand sanitizer, cleaning supplies, personal protection equipment and supplies to enable employees to work from home. The Company has also incurred incremental cost as result of hiring vendors to conduct temperature checks for persons requiring access to a DESC facility. DESC has also experienced increased technology costs for the remote working environment and minor amounts of over time labor for certain employees.

Additionally, at the outset of the pandemic, DESC took precautionary steps for certain employees to shelter-in-place at their work location in order to ensure that the Company continued to provide safe and reliable electric and natural gas service to its customers. To this end, the Company arranged for food service and other various sequestration supplies.

This is not an exhaustive list of the incremental cost that DESC has incurred in its response to COVID-19, but it represents a cross-section of the types of incremental expenses that the Company has incurred. As of May 31, 2020, DESC has incurred approximately $1.6 million in incremental cost as a result of COVID-19.

III. Savings.

During the COVID-19 crisis, the Company has ceased certain activities, but the Company does not classify the reduction in costs associated with the cessation of these activities as "savings." Instead, these reduced costs are only partially off-setting the decreased margin revenue that the Company has been experiencing. In

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other words, DESC is not experiencing any overall "savings" as a result of COVID-19, and the Company anticipates incurring these costs again in the future. Accordingly, the Company does not have a tracking mechanism for these categories of expense.

If you have any questions or need additional information, please do not hesitate to contact us.

Very truly yours,

K. Chad Burgess

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KCB/kms

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